GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:3651
ANSWERED ON:17.04.2000
ESCROWABILITY OF SEBS
SHIVAJI VITHALRAO KAMBLE

Will the Minister of POWER be pleased to state:

(a) : whether attention of the Government has been drawn to the news-item captioned `Wary FIs turn heat on SEBs,revise escrow projections` appearing in the Economic Times dated January 10, 2000;

(b) : if so, the facts of the matter reported therein; and

(c) : the reaction of the Government thereto?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER

(SHRIMATI JAYAWANTI MEHTA)

(a) : Yes, Sir.

(b) & (c) : In several States the total number of projects planned in the private sector, taken together with the projects being taken up by the State Electricity Boards (SEBs) themselves or by the Central Power Generating Companies, havea combined capacity in excess of the capacity of the States to give escrow cover to these projects. Because of the financial weakness of the SEBs, absence of any competition and inability to rationalise tariffs, the Private Power Producers are experiencing difficulties in infusing capital into the power sector. Financial health of State Electricity Boards hasbeen on the decline reducing their escrowable capacity. These issues were discussed in the Power Ministers Conference held on 26.2.2000 andthe commitment to supply quality power on demand at reasonable rates to all consumers was re-emphasised. To achieve this, it was resolved that the reforms must be undertaken with determination, vigor and a sense of urgency. The key elements of Reform Strategy will be reduction/elimination of power theft, energy audit and strengthening of sub-transmission and distribution system, unbundling of State Electricity Boards etc.

These measures which have been deliberated upon in the Conference of Power Ministers` and measures like corporatisation/ cooperatisation/privatisation in the field of distribution of electricity, 100% metering of all consumers etc., are expected to rationalise tariffs in the States thereby progressively enabling them to recover their cost and generate greater resources to support capacity addition and improving the reliability and adequacy of power delivered to the consumers. The matter was also discussed in the meeting of Crisis Resolution Group (CRG) and a plea has been made to IFIs to assess the strength ofState Electricity Boards on the basis of reform measures undertaken by them rather than on the Escrow Cover.